

SENATE BILL 355

C5

0lr0757
CF HB 701

By: **Senators Pinsky, Della, Frosh, Harrington, Pipkin, Raskin, and Rosapepe**
Rosapepe, Middleton, Garagiola, Exum, and Mooney

Introduced and read first time: January 28, 2010

Assigned to: Finance

Committee Report: Favorable with amendments

Senate action: Adopted

Read second time: March 9, 2010

CHAPTER _____

1 AN ACT concerning

2 **Energy Companies – Net Energy Metering – Payment for Accrued Generation**
3 **Credit**

4 FOR the purpose of ~~requiring that a certain net metering contract or tariff credit~~
5 ~~electricity generated by certain eligible customer generators at certain rates~~
6 ~~under certain circumstances~~; repealing a limitation on the period of time that a
7 certain eligible customer-generator may accrue certain generation credit;
8 repealing a limitation on the time that a certain electric company is required to
9 carry forward a generation credit or a negative kilowatt-hour reading; requiring
10 a certain electric company to carry forward a certain generation credit until
11 certain events occur; repealing a provision relating to the reversion of a certain
12 generation credit to a certain electric company; ~~requiring the amount of~~
13 ~~generation credit that a certain electric company credits to a certain eligible~~
14 ~~customer-generator to be at certain rates under certain circumstances~~;
15 requiring certain generation credit to appear on an eligible
16 customer-generator's bill in a dollar amount; requiring a certain electric
17 company to reimburse a certain generation credit under certain circumstances;
18 clarifying the manner in which net energy produced or consumed is measured;
19 making technical changes; altering a certain definition; defining a certain term;
20 requiring the Public Service Commission to adopt certain regulations, after
21 taking certain items into consideration, by a certain date; providing for the
22 effective dates of this Act; and generally relating to net energy metering and the
23 payment for accrued generation credit.

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



1 BY repealing and reenacting, with amendments,
 2 Article – Public Utility Companies
 3 Section 7–306
 4 Annotated Code of Maryland
 5 (2008 Replacement Volume and 2009 Supplement)

6 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
 7 MARYLAND, That the Laws of Maryland read as follows:

8 **Article – Public Utility Companies**

9 7–306.

10 (a) (1) In this section the following words have the meanings indicated.

11 (2) “Biomass” means “qualified biomass” as defined in § 7–701 of this
 12 title.

13 (3) “Eligible customer–generator” means a customer that owns and
 14 operates, leases and operates, or contracts with a third party that owns and operates a
 15 biomass, micro combined heat and power, solar, or wind electric generating facility
 16 that:

17 (i) is located on the customer’s premises or contiguous property;

18 (ii) is interconnected and operated in parallel with an electric
 19 company’s transmission and distribution facilities; and

20 (iii) is intended primarily to offset all or part of the customer’s
 21 own electricity requirements.

22 **(4) “GENERATION CREDIT” MEANS A CREDIT ASSOCIATED WITH**
 23 **THE GENERATION OF ELECTRICITY PRODUCED IN EXCESS OF THE ELECTRICITY**
 24 **CONSUMED BY AN ELIGIBLE CUSTOMER–GENERATOR IN ONE BILLING PERIOD.**

25 ~~(4)~~ **(5)** “Micro combined heat and power” means the simultaneous or
 26 sequential production of useful thermal energy and electrical or mechanical power not
 27 exceeding 30 kilowatts.

28 ~~(5)~~ **(6)** “Net energy metering” means measurement of the difference
 29 between the electricity that is supplied by an electric company and the electricity that
 30 is generated by an eligible customer–generator and fed back to the electric ~~company~~
 31 **GRID** over the eligible customer–generator’s billing period.

32 (b) The General Assembly finds and declares that a program to provide net
 33 energy metering for eligible customer–generators is a means to encourage private
 34 investment in renewable energy resources, stimulate in–State economic growth,

1 enhance continued diversification of the State's energy resource mix, and reduce costs
2 of interconnection and administration.

3 (c) An electric company serving an eligible customer-generator shall ensure
4 that the meter installed for net energy metering is capable of measuring the flow of
5 electricity in two directions.

6 (d) The Commission shall require electric utilities to develop a standard
7 contract or tariff for net energy metering and make it available to eligible
8 customer-generators on a first-come, first-served basis until the rated generating
9 capacity owned and operated by eligible customer-generators in the State reaches
10 1,500 megawatts.

11 (e) (1) Except as provided in subsection (g) of this section, a net energy
12 metering contract or tariff shall be identical, in energy rates, rate structure, and
13 monthly charges, to the contract or tariff that the customer would be assigned if the
14 customer were not an eligible customer-generator.

15 ~~(2) (1) EXCEPT AS PROVIDED IN SUBPARAGRAPH (II) OF THIS~~
16 ~~PARAGRAPH, A NET METERING CONTRACT OR TARIFF SHALL CREDIT~~
17 ~~ELECTRICITY GENERATED BY AN ELIGIBLE CUSTOMER-GENERATOR AT THE~~
18 ~~SAME RETAIL RATE THE ELIGIBLE CUSTOMER-GENERATOR PAYS FOR THE~~
19 ~~CONSUMPTION OF ELECTRICITY.~~

20 ~~(II) FOR AN ELIGIBLE CUSTOMER-GENERATOR THAT IS~~
21 ~~SERVED ON A TIME OF USE TARIFF THAT HAS ELECTRICITY SUPPLY DEMAND~~
22 ~~CHARGES CONTAINED WITHIN THE ELECTRICITY SUPPLY PORTION OF THE~~
23 ~~TIME OF USE TARIFF, A NET METERING CONTRACT OR TARIFF SHALL CREDIT~~
24 ~~ELECTRICITY GENERATED BY THE ELIGIBLE CUSTOMER-GENERATOR USING~~
25 ~~TIME OF USE RATES.~~

26 ~~[(2)] (3)~~ (i) A net energy metering contract or tariff may not
27 include charges that would raise the eligible customer-generator's minimum monthly
28 charge above that of customers of the rate class to which the eligible
29 customer-generator would otherwise be assigned.

30 (ii) Charges prohibited by this paragraph include new or
31 additional demand charges, standby charges, customer charges, and minimum
32 monthly charges.

33 (f) (1) The electric company shall calculate net energy metering in
34 accordance with this subsection.

35 (2) Net energy produced or consumed on a ~~monthly~~ REGULAR basis
36 shall be measured in accordance with standard metering practices.

1 (3) If electricity supplied by the grid exceeds electricity generated by
2 the eligible customer-generator during a month, the eligible customer-generator shall
3 be billed for the net energy supplied in accordance with subsection (e) of this section.

4 (4) If electricity generated by the eligible customer-generator exceeds
5 the electricity supplied by the grid, the eligible customer-generator shall be ~~required~~
6 ~~to pay~~ **BILLED** only customer charges for that month in accordance with subsection (e)
7 of this section.

8 (5) (i) An eligible customer-generator under paragraph (4) of this
9 subsection may accrue generation credit [for a period not to exceed 12 months].

10 (ii) The electric company shall carry forward [a negative
11 kilowatt-hour reading] **ACCRUED GENERATION CREDIT** until:

12 1. the eligible customer-generator's consumption of
13 electricity from the grid eliminates the credit; or

14 2. the [12-month accrual period under subparagraph (i)
15 of this paragraph expires] **ELIGIBLE CUSTOMER-GENERATOR HAS BEEN PAID BY**
16 **THE ELECTRIC COMPANY FOR ANY REMAINING CREDIT IN ACCORDANCE WITH**
17 **PARAGRAPH (6) OF THIS SUBSECTION.**

18 (iii) ~~1. EXCEPT AS PROVIDED IN SUBSUBPARAGRAPH 2~~
19 ~~OF THIS SUBPARAGRAPH, THE~~ **THE** AMOUNT OF THE GENERATION CREDIT
20 **SHALL BE CALCULATED AT THE** ~~SAME RETAIL RATE THE ELIGIBLE~~
21 ~~CUSTOMER-GENERATOR PAYS FOR THE CONSUMPTION OF ELECTRICITY.~~

22 ~~2. FOR AN ELIGIBLE CUSTOMER-GENERATOR THAT~~
23 ~~IS SERVED ON A TIME-OF-USE TARIFF THAT HAS ELECTRICITY SUPPLY DEMAND~~
24 ~~CHARGES CONTAINED WITHIN THE ELECTRICITY SUPPLY PORTION OF THE~~
25 ~~TIME OF USE TARIFF, THE AMOUNT OF THE GENERATION CREDIT SHALL BE~~
26 ~~CALCULATED USING TIME OF USE RATES~~ **PREVAILING MARKET PRICE OF**
27 **ENERGY APPLICABLE TO THE ELECTRIC COMPANY IN THE PJM**
28 **INTERCONNECTION ENERGY MARKET, AS THAT MARKET MAY CHANGE FROM**
29 **TIME TO TIME.**

30 (iv) **THE GENERATION CREDIT SHALL APPEAR ON THE**
31 **ELIGIBLE CUSTOMER-GENERATOR'S BILL IN A DOLLAR AMOUNT.**

32 (6) (i) **BY WRITTEN REQUEST, THE ELIGIBLE**
33 **CUSTOMER-GENERATOR MAY** ~~CHOOSE TO~~ **RECEIVE PAYMENT FROM THE**
34 **ELECTRIC COMPANY FOR ANY ACCRUED GENERATION CREDIT THAT REMAINS**
35 **AT THE END OF:**

1 ~~1. EACH CALENDAR QUARTER; OR~~

2 ~~2. EACH CALENDAR YEAR~~ A 12-MONTH PERIOD.

3 (II) ON WRITTEN REQUEST OF THE ELIGIBLE
4 CUSTOMER-GENERATOR UNDER SUBPARAGRAPH (I) OF THIS PARAGRAPH,
5 WITHIN 15 DAYS AFTER THE END OF ~~THE REQUESTED TIME PERIOD~~ A
6 12-MONTH PERIOD, THE ELECTRIC COMPANY SHALL PAY THE ELIGIBLE
7 CUSTOMER-GENERATOR FOR ANY ACCRUED GENERATION CREDIT REMAINING
8 AT THE END OF ~~THE REQUESTED TIME~~ A 12-MONTH PERIOD.

9 (III) [Any remaining] WITHIN 15 DAYS AFTER THE DATE THE
10 ELIGIBLE CUSTOMER-GENERATOR CLOSSES THE CUSTOMER-GENERATOR'S
11 ACCOUNT, THE ELECTRIC COMPANY SHALL PAY THE ELIGIBLE
12 CUSTOMER-GENERATOR FOR ANY accrued generation credit REMAINING at the
13 [expiration of the 12-month accrual period under paragraph (5)(i)2 of this subsection:

14 (i) shall revert to the electric company; and

15 (ii) may not be recovered by the eligible
16 customer-generator] ~~TIME THE ELIGIBLE CUSTOMER-GENERATOR CLOSSES THE~~
17 ~~ELIGIBLE CUSTOMER-GENERATOR'S ACCOUNT.~~

18 (g) (1) For an eligible customer-generator whose facility is sized to
19 produce energy in excess of the eligible customer-generator's annual energy
20 consumption, the Commission:

21 (i) may require the eligible customer-generator to install a dual
22 meter that is capable of measuring the flow of electricity in two directions; and

23 (ii) shall develop a credit formula that:

24 1. excludes recovery of transmission and distribution
25 costs; and

26 2. provides that the credit may be calculated using a
27 method other than a kilowatt-hour basis, including a method that allows a
28 dollar-for-dollar offset of electricity supplied by the grid compared to electricity
29 generated by the eligible customer-generator.

30 (2) In determining whether to require an eligible customer-generator
31 to install a dual meter under paragraph (1)(i) of this subsection, the Commission shall
32 consider the generating capacity of the eligible customer-generator.

33 (h) (1) The generating capacity of an electric generating system used by
34 an eligible customer-generator for net metering may not exceed 2 megawatts.

1 (2) An electric generating system used by an eligible
2 customer-generator for net metering shall meet all applicable safety and performance
3 standards established by the National Electrical Code, the Institute of Electrical and
4 Electronics Engineers, and Underwriters Laboratories.

5 (3) The Commission may adopt by regulation additional control and
6 testing requirements for eligible customer-generators that the Commission
7 determines are necessary to protect public safety and system reliability.

8 (4) An electric company may not require an eligible
9 customer-generator whose electric generating system meets the standards of
10 paragraphs (2) and (3) of this subsection to:

- 11 (i) install additional controls;
- 12 (ii) perform or pay for additional tests; or
- 13 (iii) purchase additional liability insurance.

14 (5) An eligible customer-generator shall own and have title to all
15 renewable energy attributes or renewable energy credits associated with any
16 electricity produced by its electric generating system.

17 (i) On or before February 1 of each year, the Commission shall report to the
18 General Assembly, in accordance with § 2-1246 of the State Government Article, on
19 the status of the net metering program under this section, including:

20 (1) the amount of capacity of electric generating facilities owned and
21 operated by eligible customer-generators in the State by type of energy resource;

22 (2) based on the need to encourage a diversification of the State's
23 energy resource mix to ensure reliability, whether the rated generating capacity limit
24 in subsection (d) of this section should be altered; and

25 (3) other pertinent information.

26 SECTION 2. AND BE IT FURTHER ENACTED, That, on or before October 1,
27 2010, the Public Service Commission shall adopt regulations to implement the
28 provisions of this Act, taking into consideration: (1) the technology available at each
29 electric company; and (2) the appropriate value of generation credits.

30 SECTION 3. AND BE IT FURTHER ENACTED, That Section 1 of this Act shall
31 take effect October 1, 2010.

32 SECTION 4. AND BE IT FURTHER ENACTED, That, subject to Section 3 of
33 this Act, this Act shall take effect July 1, 2010.

Approved:

Governor.

President of the Senate.

Speaker of the House of Delegates.